

AMSELCO EXPLORATION INC.

MEMORANDUM

To: Richard Kazda

Date: June 6, 1983

From: W.L. Gunter

Subject: Barite Hill Area

cc: Pete H. Evans  
P.W. Prescott

Enclosed is a property map of the Barite Hill area showing the main parcels of interest. I am unable to locate the USFS 131 acre tract (220-K). It appears to be adjacent to or part of tract # 338.

Dorn has 450-500 acres that enclose the Jennings trend and Red Hill. He wants to sell, but might go for a short term lease. Based on 500 acres, I would propose the following schedule:

\$5000 sign on bonus	=\$ 5,000.
\$15/acre for first 18 months	=\$ 7,500.
\$25/acre for second 18 months	=\$ 12,500.
Total payments for three years	=\$ 25,000.
or \$16.67 per acre/per year.	

At the beginning of the forth year, Dorn could choose to receive a \$20,000 annual advanced royalty and a 5% NSR to a limit of 2.5 million dollars,

or

Sell out at \$2,000/acre with no retained royalty.

For Morin, I would propose that we offer \$20/acre for the 570 acres included in the three USFS exploration permits (copies



10755444


enclosed). He would retain an interest in the property.  
Properties that we drop will be re-assigned to him.

If you feel that the provisions of the lease are too restrictive, I suggest we offer him \$100/acre for the 56 acre tract along the Barite Hill trend. He would retain an interest. I think that having that tract would help in our negotiations with Cataiba.

Doug Bell

I think we should offer Doug Bell some sort of one-time bonus for his efforts as an expeditor. I would suggest \$3,500 if we conclude an agreement with Dorn; \$1,500 if we conclude an agreement with Morin.

Regards,

A handwritten signature in cursive script, appearing to read "W.L. Gunter".

W.L. Gunter

WLG/pb